



NASA Procedural Requirements

COMPLIANCE IS MANDATORY

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Budget Execution

Responsible Office: Office of the Chief Financial Officer

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Preface

P.1 Purpose

This NASA Procedural Requirements (NPR) provides the financial management requirements for Budget Execution.

P.2 Applicability

This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This language applies to JPL, other contractors, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

P.3 Authority

- a. 2 United States Code (U.S.C.) §§ 681-688, The Congressional Budget and Impoundment Control Act of 1974, Title X, Public Law 93-344
- b. 10 U.S.C. § 2306b, Multiyear Contracts: Acquisition of Property
- c. 10 U.S.C. § 2306c, Multiyear Contracts: Acquisition of Services
- d. 15 U.S.C. § 5807, NASA Authorization Act, Fiscal Year 1993, Sec. 508, Commercial Space Competitiveness: Use of Government Facilities
- e. 31. U.S.C § 1102, The Budget and Fiscal, Budget, and Program Information: Fiscal Year
- f. 31. U.S.C § 1112, Fiscal, Budget, and Program Information
- g. 31 U.S.C. Chapters 13 and 15, The Budget Process: Appropriations and Appropriation Accounting (including Antideficiency Act requirements)
- h. 42 U.S.C. § 2459i, Consolidated Appropriations Resolution, 2003, Public Law 108-7
- i. 49 U.S.C., Chapter 701, Commercial Space Launch Activities
- j. Chief Financial Officers Act of 1990, Public Law 101-576
- k. Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1989, Public Law 100-404, Title II
- l. Government Performance and Results Act (GPRA) of 1993, Public Law 103-62
- m. Federal Managers Financial Integrity Act (FMFIA) of 1982, Public Law 97-255
- n. NASA Authorization Act, FY 1992, Public Law 102-195, Sec. 20: National Aeronautics And Space Administration Endeavor Teacher Fellowship Trust Fund (42 U.S.C. 2467a)
- o. The National Aeronautics and Space Act of 1958, Public Law 85-568, 72 Stat. 426, as amended (Title 42, U.S.C., Chapter 26)
- p. Science, Space, and Technology Education Trust Fund. 1988, Title II, Public Law 100-404 (42

U.S.C. 2467)

- q. OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget
- r. OMB Circular No. A-123, Management Responsibility for Internal Controls
- s. NASA Policy Directive (NPD) 9010.2, "Financial Management"

P.4 Applicable Documents

- a. NPR 5100.4B, "Federal Acquisition Regulation Supplement (NASA/FAR Supplement) [48 CFR 1800-1899]"
- b. NPR 9050.3, "The Antideficiency Act"
- c. NPR 9090.1, "Reimbursable Agreements"
- d. NPR 9095.1, "Working Capital Fund Policies and Requirements"
- e. NPR 9290.1, "Special Accounts"
- f. NPR 9680.1, "NASA's Management of Grants and Cooperative Agreements"
- g. NPR 9700.1, "Travel"

P.5 Measurement/Verification

Quality assurance reviews and analysis of financial and budgetary reports and data submitted through the continuous monitoring program and an analysis of system and performance data will be used to measure compliance with this NPR.

CANCELLATION

None.

/S/

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Chapter 1. Budget Execution

1.1 Overview

1.1.1 Execution is the last phase in the National Aeronautics and Space Administration (NASA) Planning, Programming, Budgeting, and Execution (PPBE) process of resource alignment and control and is the process by which the financial resources made available to the Agency are directed and controlled toward achieving the purposes and objectives for which the budget was approved.

1.2 Agency Requirements

1.2.1 NASA shall conduct budget execution activities in compliance with all legal and regulatory requirements for the purpose of achieving the Agency's vision and mission.

1.2.2 The Agency Chief Financial Officer (CFO) and Agency Deputy CFO shall lead the Execution Phase of PPBE.

1.2.3 NASA shall develop and maintain an integrated agency accounting and financial management system, including financial reporting and internal controls, which meets the requirements of the CFO Act of 1990 and any other legal or regulatory requirements.

1.2.4 All managers and employees with financial management responsibilities shall comply with the requirements for budget execution set forth in law, regulations, and Agency policy and requirements.

1.3 Roles and Responsibilities

1.3.1 General roles and responsibilities within the Agency are listed below. More specific responsibilities may be found within the NPR where particular processes are described.

1.3.1.1 NASA Administrator. Lead the Agency toward achieving its mission, articulates the Agency's vision, sets program and budget priorities, approves internal policies, and assesses Agency performance.

1.3.1.2 Agency CFO. Direct, manage, and provide policy guidance and oversight of all Agency financial management personnel, activities, and operations, including those performed outside the CFO community. Ensure resources are aligned and executed on the basis of strategic alignment with the Agency mission and Vision for Space Exploration. Develop and maintain an integrated Agency planning, budgeting,

performance reporting, accounting, and financial management system.

1.3.1.3 Agency DCFO. Provide policy and procedural requirements relating to oversight of financial management personnel and day-to-day financial management activities and operations.

1.3.1.4 Program Analysis and Evaluation (PA&E). In coordination with the Office of the CFO (OCFO), ensure that budget execution is consistent with the Agency's strategic investment decisions.

1.3.1.5 Mission Directorates. Oversee program/project execution and, in that capacity, develop and maintain their mission's Operating and Execution Plans, allocate budget authority and other resources to programs and projects, and monitor the status of financial, as well as and program, performance. Programs are delegated to the Centers to execute, and the resources are allocated accordingly.

1.3.1.6 Center CFOs. Develop any financial management policy for the Center that may be needed to support Agency policy and manage the Center's financial operations, including budget execution.

1.3.1.7 Inspector General. Oversee all execution activities related to the NASA Office of Inspector General appropriation.

1.3.1.8 All NASA Employees Authorized to Obligate Funds. Ensure that obligations are within the scope of their authority, consistent with amounts in their custody, and consistent with the purposes for which funds have been appropriated, and that the obligations are made in compliance with law, regulations, and Agency policy.

1.4 PPBE and Budget Execution

1.4.1 The PPBE process of resource alignment and control is a comprehensive, top-down approach to support the Agency's vision and mission. It includes complete budget formulation, development of fully executable Agency Operating and Agency Execution Plans, and ends with execution of the budget during performance. As mentioned, Execution is the final phase of PPBE, as illustrated in Figure 1-1.

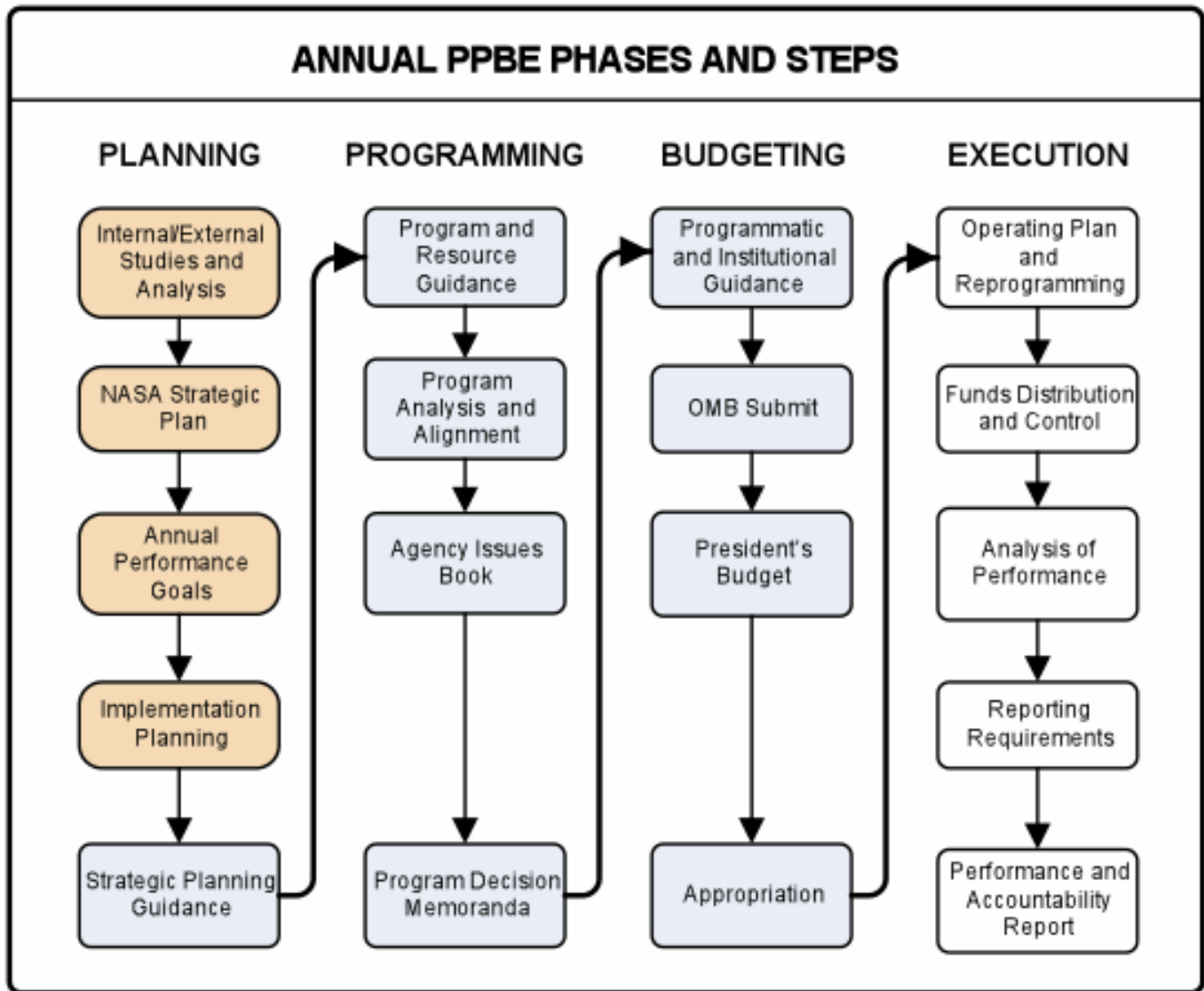


Figure 1-1, Annual PPBE Phases and Steps

1.4.2 All of the PPBE steps have actions performed on an annual basis, but some steps will be dealing with different fiscal years than others at any given time during the process. While the first three phases of PPBE deal with different future years, Execution deals with the current and prior years and is the focus of this NPR.

1.5 External Requirements

1.5.1 The Office of Management and Budget (OMB) Circular No. A -11 sets forth procedures for execution of the budget. Execution lasts for the current period, in which funds are available for new obligations, and the five subsequent years, in which they are expired and available only for within scope adjustments, and includes two components.

a. The apportionment component pertains to funds appropriated for the fiscal year and to balances of appropriations made in prior years that remain available for obligation.

Agencies submit apportionment requests for each budget account to OMB by August 21 each year or within 10 calendar days of approval of the appropriation. At the beginning of each fiscal year, OMB apportions funds; that is, it specifies the amount of funds that an Agency may use by time period, program, project, or activity. Throughout the year, agencies obligate and expend the apportioned funds to carry out their approved programs, projects, and activities. An Agency may request reapportionment during a fiscal year if its business needs require an adjustment in how it will use funds.

b. The reporting and outlay component lasts until funds are cancelled (one- and multiple-year funds are canceled at the end of the fifth year after the funds expire for new obligations) or until funds are totally expended (for no-year funds). Agencies must record obligations and outlays pursuant to administrative control of funds procedures contained OMB guidance.

1.5.2 In addition to OMB requirements, there are numerous laws which govern the use of Federal funds. These authority references and a description of how each applies to budget execution are provided in Appendix C. The legal requirements most often cited are found in Title 31, U.S.C., Chapters 13 and 15, which include the Antideficiency Act (ADA) and related requirements.

1.6 Budget Authority

1.6.1 Budget authority is the authority to incur financial obligations that will result in outlays. When the Agency apportions, allots, or further distributes funds through the funds distribution process, it is delegating budget authority down to the organizational level that will execute it.

1.6.2 Forms. There are four basic forms of budget authority: appropriations, borrowing authority, contract authority, and spending authority from offsetting collections. NASA only has appropriations and spending authority from offsetting collections. Both reimbursable funds and the Working Capital Fund use spending authority.

1.6.3 Phases. The life cycle of budget authority consists of three phases: the unexpired phase (current or available period), the expired phase, and the canceled (closed) phase, and there are different, specific requirements and limitations for the funds and their use during each phase.

1.6.3.1 Unexpired Phase. This is the time period during which budget authority is available for incurring "new" obligations. For example, "new" grants or contracts may be signed during this phase, and disbursements may be made to liquidate the obligations. This phase lasts for a set number of years provided in the appropriations (one year, two year, etc.), although no-year authority lasts for an indefinite period of time. If deobligations (called recoveries) occur during this phase, the deobligated

funds may be used for new obligations if apportioned.

1.6.3.2 Expired Phase. This is the time period during which budget authority is no longer available for new obligations but is still available for liquidating existing obligations by making disbursements. This phase lasts five years after the last unexpired year, unless lengthened by legislation. Budget authority, including funds that become available through deobligation, is available for upward adjustments on obligations properly chargeable to the account, but not for "new" obligations, such as an increase in the scope of a project or signing a new contract. ADA restrictions, which are discussed in detail in NPR 9050.3, "The Antideficiency Act," still apply down to level of formal subdivision (i.e., allotment and suballotment (if issued)). However, unobligated balances may be pulled back below the apportionment level during the expired phase and redistributed for adjusting and liquidating obligations properly chargeable to the account within the same appropriation and apportionment. Making or authorizing an expenditure or obligation of funds cannot occur prior to funds being made available for the adjustment, and increasing an allotment or suballotment (if issued) does not eliminate any ADA violation that may have occurred.

1.6.3.3 Canceled Phase. After the last expired year, an account is closed, and the balances and authority to disburse are canceled. Any offsetting collections that would have been credited to the account prior to the time the account is canceled but that are received after the account is closed must be recorded in miscellaneous receipts in the Treasury. Any invoice reflecting a valid obligation that is received after an account has closed must be obligated against and disbursed from budget authority that is available for the same general purpose but still in the unexpired phase, i.e., "current funds." ADA requirements still apply, and it is an ADA violation for disbursements to exceed 1% of an available current appropriation and/or the remaining balance of canceled unobligated funds for that account, apportionment, allotment, or suballotment (if issued). No-year budget authority usually stays in the unexpired phase until fully obligated and disbursed. However, when the purposes for which the authority was made available have been achieved, the account may be closed and the authority canceled.

1.7 The Authority to Execute NASA's Budget

1.7.1 NASA must have an authorization act that allows it to continue operations; be granted budget authority; have an approved apportionment; and if using appropriated funds, have a warrant from the Treasury that establishes the amount of moneys that may be withdrawn from the central accounts in order to execute the budget.

Chapter 2. Operating and Execution Plans

2.1 Overview

2.1.1 The Congressional Operating Plan (COP), Agency Operating Plan (AOP), and Agency Execution Plan (AEP) are used as the basis for ensuring that appropriated funds are used in compliance with Agency intent and Congressional mandates.

2.1.2 The COP is submitted to Congress for a 15-day review period and sets forth a high-level plan for how NASA intends to apply Agency financial resources during the fiscal year to fulfill its mission. Typically, the COP is at the program level. While not subject to statutory controls, the COP establishes a common understanding between NASA, OMB, and the Congress. Consequently, NASA's fund controls in support of the plans serve as the basis of trust and credibility--in representing management's intended application of financial resources to NASA's mission.

2.1.3 The AOP is an internal plan based on the COP that provides greater detail and includes all programs and projects. When Agency programs and projects are changed or when new requirements become known, the AOP must be revised to reflect the new direction. However, if the change exceeds the limitations established in the current COP, NASA must submit a new plan to Congress and allow the 15-day review period before executing the change.

2.1.4 The AEP is a detailed financial plan representing total funding authority expected in the execution year. It is based on the AOP, establishes the planning controls for programmatic and institutional programs and projects, and is used to determine how funds will be distributed. The AEP must comply with any restrictions or controls established in the COP, AOP, appropriations, and apportionment before any funds (budget authority) may be distributed (delegated). Whenever the COP or AOP are revised, the AEP will be updated to ensure that funds are used in accordance with Congressional and/or Agency intent. In order to accommodate these changes, the Budget Division, OCFO, periodically will shut down the funds distribution module in the official accounting system and open the AEP module for CAMs to make needed revisions. After the Budget Division has verified that the revised Plan is still in compliance with the AOP, the AEP module will be shut down and the funds distribution open. In order to prevent funds being distributed without verification that the distribution is in compliance with the AOP, and therefore the COP, the funds distribution module will not be accessible at the same time as the AEP module in the system.

2.2 Agency Requirements

2.2.1 NASA shall ensure that appropriated funds are used in compliance with Agency and Congressional intent through the use of Congressional and Agency Operating Plans and an Agency Execution Plan.

2.3 Roles and Responsibilities

2.3.1 Director, Budget Division/Comptroller, OCFO. Coordinate development and maintenance of the COP, AOP, and AEP. Develop and submit the COP and associated briefings to the Administrator, OMB, and Congress. Record the AOP controls at the appropriation level in the official accounting system, ensuring consistency with the COP. Inform the Financial Management Division, OCFO, when the Congressional review is complete and the Operating Plan may be executed. Establishes continuing resolution controls as necessary. Validate that the COP, AOP, and

AEP are in agreement and that they conform to Congressional and Agency intent. When the AEP is updated, this validation must occur prior to allowing access to the funds distribution module.

2.3.2 Mission Directorates. Develop and maintain the Operating and Execution Plans. Provide justification for the Operating Plans when required. Enter the Plans' data into the budget information system or official accounting system, as required; and ensure that the Plans are updated when necessary.

2.3.3 CAMs. Use the AEP as the basis for funds distribution at the program, project, and project by Center levels.

2.3.4 PA&E. Serve in advisory role in the development of the Operating Plan strategy and subsequent briefings/justifications to OMB and Congress.

2.3.5 Office of Legislative and Interagency Affairs (OLIA). Prepare the Administrator's cover letter to the COP, coordinate Administrator signature, and submit the cleared package to Congress. Serve as the liaison for negotiations and Congressional requests from the House and Senate Appropriations, and the Conference Committees, and serve in an advisory role in the development of COP strategy based on Congressional guidelines and subsequent briefings/justifications to Congress. Monitor the status of the COP and NASA's appropriations during the Congressional review and disseminates pertinent information.

2.3.6 Office of Program and Institutional Integration (OPII). Serve in a supporting role with the development of the CO and oversee and adjudicates conflicts that may arise between the CAMs.

2.3.7 Director, Financial Management Division, OCFO. Use the AEP as the basis for funds distribution at the allotment and suballotment (if issued) levels.

2.3.8 Center CFOs. Distribute the AEP controls received by the Center to labor, travel, and other commitment items and ensure that funds are executed in accordance with the Plan.

Chapter 3. Funds Distribution and Control

3.1 Overview

3.1.1 Federal agencies are required to establish an effective fund control system to prevent overspending and to ensure compliance with the laws and regulations which affect the formulation and implementation of Federal financial policy. This chapter prescribes the NASA funds distribution and control requirements, as well as the requirements for handling any potential or actual violations of those requirements.

3.2 Agency Requirements

3.2.1 NASA shall comply with all requirements of the ADA and other laws and regulations affecting the use of Federal funds, Agency policy, and the NASA Fund Control Regulations approved by OMB. This requirement applies to all NASA funds/budget authority, including that received from reimbursable work and through the operation of working capital funds.

3.3 Roles and Responsibilities

3.3.1 The Agency CFO/DCFO shall ensure that an effective system of administrative control of funds is established and maintained within the Agency and that the NASA Fund Control Regulations, which are provided in Appendix D, are reviewed periodically to determine whether improvements should be made. At a minimum, the system for administrative control of funds and Regulations shall be reviewed when:

- a. OMB issues revised guidance on budget execution.
- b. NASA revises its financial processes.
- c. The Agency is reorganized.
- d. The Agency has an ADA violation.

3.3.2 All NASA employees with funds distribution and control responsibilities shall comply with the policy and requirements set forth in this NPR and the appended NASA Fund Control Regulations, which are provided.

3.3.3 In addition, NASA personnel involved in budget execution activities shall ensure that:

- a. Funds are obligated and expended solely for the purposes for which they were appropriated, unless otherwise provided in law.
- b. Funds are available before being obligated.
- c. Obligations and expenditures are not authorized or incurred in excess of funds provided and available.
- d. Obligations are made within the available time limit of the appropriation.
- e. Only valid obligations are recorded in the accounting records, and they are recorded accurately and promptly.

f. Outstanding obligations are reviewed periodically to verify that they are needed for ongoing requirements.

3.3.4 Responsibilities for Investigating, Reporting, and Following Up on Potential ADA or Administrative Violations.

3.3.4.1 The roles and responsibilities for fund distribution and control and for investigating, reporting, and following up on potential violations are outlined in the NASA Fund Control Regulations.

3.3.5 Responsibilities under a Continuing Resolution.

3.3.5.1 Directors, Budget Division and Financial Management Division, OCFO. Develop continuing resolution worksheets based on OMB guidance that specify how the funding will be distributed. Financial Management Division will then develop an apportionment request if an amount different from the automatic apportion is needed, forward to the Budget Division for review, and ensure the apportioned budget authority is properly delegated through the funds distribution process.

3.3.6 Responsibilities for a Funding/Appropriation Hiatus.

3.3.6.1 Agency CFO and Agency Deputy CFO. Publish the NASA contingency plan in the event of an appropriation hiatus, ensure that it remains up to date prior to any possible break in funding, and coordinate an orderly shutdown of operations if the plan must be implemented.

3.4 General Standards for the Control of Funds

3.4.1 As discussed in Chapter 1, there are different forms of budget authority and there are limitations established in law concerning the use of Federal funds. New obligations (including increases in a contract's scope) may only be incurred during the unexpired (current or available) phase of an appropriation. Only adjustments to valid, existing obligations may be made during the expired phase. Expenditures may be made during both the current and the expired phases. However, once the appropriation is closed, the balances and the authority to disburse are canceled. No obligations or expenditures may be made against the closed account. Any offsetting collections credited to a closed account are recorded as miscellaneous receipts in the Treasury, and any expenditures that must be made for obligations in closed accounts must be obligated against and disbursed from unexpired budget authority that is available for the same general purpose. However, it should be noted that ADA requirements continue through all three phases of an appropriation. Section 1.6 provides additional information concerning the business rules for each phase.

3.4.2 Controls over budget authority also apply in the event of the transfer of budget authority between NASA Centers for unplanned requirements during the year of execution. Inter-Center Fund Transfers (ICFTs) are not designed to subvert the regular fund distribution procedures. It is a process used to manage unplanned work requirements that arise after regular funds distribution planning processes in a timely manner, and the appropriate CAM must be informed when Centers implement a transfer.

3.5 Funds/Budget Authority

3.5.1 Authorization and Appropriation.

3.5.1.1 An authorization act establishes and continues the operation of Federal programs or agencies. NASA authorization acts typically describe the reasons for continuance of the Agency, establish Congressional intent regarding the Agency and its programs, describe Congressional initiatives and

findings, and authorize the appropriation of funds for NASA to carry out its mission.

3.5.1.2 Several actions must occur before funds are made available to NASA. Although the authorization act provides the authority for funds to be appropriated, Congress must pass a separate appropriation act for the fiscal year, which begins on October 1, before any budget authority is granted to the Agency. If Congress does not enact an appropriation by the beginning of the fiscal year, they may pass a continuing resolution to prevent a government shutdown due to a lack of funds.

3.5.1.3 When a continuing resolution is passed by Congress, agencies receive an OMB Bulletin providing the guidance and formulas for determining the amount of interim funding the Agency will receive for the prescribed period of the resolution. Typically, the OMB Bulletin automatically apportions the amounts available in a continuing resolution. However, if OMB or the Agency determines that an amount different from the automatic apportionment is needed, an apportionment request may be submitted in accordance with the formats described in OMB Circular No. A-11, Section 121. Congress usually prohibits funding new programs until a regular appropriation is enacted.

3.5.1.4 When neither a regular appropriation nor a continuing resolution is passed by Congress and a funding, or appropriation, hiatus occurs, most operations of the Federal government must shut down. OCFO will publish a contingency plan to be used in this situation. The plan will list the activities which are considered essential and must be continued; the estimated time to complete the shutdown of operations; the number of employees expected to be on board before implementation of the plan, the number to be retained under the plan, and why (e.g., law enforcement, funded by other resources); and the rules under which contractors funded from available multi-year appropriations may continue to work. Initiating new activities included in the proposed budget by using available money in the prior year should be avoided. OMB Circular No. A-11, Section 124, provides further guidance for this situation.

3.5.2 Appropriation/Treasury Warrant.

3.5.2.1 Once the President signs an appropriation bill, the Department of Treasury issues a warrant approved by the Comptroller General of the United States, which, in effect, establishes the "bank account." Funds paid out of the U.S. Treasury must be accounted for by charging them to an appropriation provided by or derived from an act of Congress. Treasury issues an appropriation warrant that establishes, by appropriation account, the specific amounts Congress has appropriated for NASA.

3.5.2.2 The appropriation warrant provides the Treasury Account Fund Symbols (TAFS) that must be used to identify all transactions against the account. A TAFS is issued for each appropriation title and identifies the agency responsible for the account, the period of availability, and the specific fund classification of the appropriation.

3.5.3 Other Fund Sources.

3.5.3.1 Reimbursables. Funds may also be received from reimbursable work. Reimbursable budget authority, as used in this NPR, is the authority to enter in agreements with other organizations, both Federal and non-Federal, to accept financial reimbursement for the costs of services or goods provided to the customer. It is spending authority provided based on offsetting collections, not appropriated funds. NASA financial policy and requirements governing reimbursables is provided in NPR 9090.1, "Reimbursable Agreements."

3.5.3.2 Working Capital Funds (WCFs). WCFs include selected Agency-wide operations and functions that produce products or provide services on a recurring basis. Income is derived from

operations and is available to finance continuing operations, capital repairs, renovations, rehabilitation, sustainment, demolition, or replacement of NASA real property without a fiscal year limitation. Additional information on WCFs is provided in NPR 9095.1, "Working Capital Fund Policies and Requirements."

3.5.4 Apportionment.

3.5.4.1 An apportionment (or reapportionment) is a distribution of amounts available for obligation and outlay in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combination of these. The apportionment is requested by NASA and approved by OMB, and it limits the obligations that may be incurred.

3.5.4.2 All funds must be apportioned for the fiscal year before they are available for obligation. This includes appropriated funds that are unobligated but remain available in the new fiscal year (often referred to as carry over).

3.5.4.3 Spending authority from reimbursables that has been realized but not earned, that is still available based on the funding source, and that is still within the contract performance period may be carried forward and apportioned in the new fiscal year.

3.5.5 Funds Distribution.

3.5.5.1 Funds are distributed in accordance with the NASA Fund Control Regulations, provided in Appendix D. The levels of funds distribution (delegation of budget authority) below apportionment are:

- a. Allotment to mission.
- b. Suballotment/Allowance to theme.
- c. Allocation of Funding Targets to:
 - (1) Program.
 - (2) Projects.
 - (3) Project by Center.

3.5.6 When funds that have been distributed expire but remain unobligated, the Financial Management Division, OCFO, shall pull back the unobligated authority and manage it at an Agency level. The funds will be used to cover required upward adjustments to valid obligations until the appropriation is closed.

3.5.7 Appropriations, apportionments, allotments, and suballotments are subject to ADA requirements. Allowances are issued instead of suballotments when the Agency CFO wishes to further distribute funds to meet operational needs but has determined that ADA or apportionment controls below the allotment level are not necessary.

3.5.8 As indicated in Section 1.7, NASA must have an authorization act that allows it to continue operations; be granted budget authority; have an approved apportionment; and if using appropriated funds, have a warrant from the Treasury that establishes the amount of moneys that may be withdrawn from the central accounts in order to execute the budget.

3.5.9 The funding sources to use for individual requirements are usually readily identifiable. However, when funding employee incentives or termination costs, and the employee has been or will be working on multiple programs or projects, that may not be the case. For that reason, a matrix is provided in Appendix E to assist is Headquarters and Centers in determining the appropriate

funding source for these personnel actions.

Chapter 4. Commitments, Obligations, and Expenditures

4.1 Overview

4.1.1 Agencies record commitments, incur obligations, and make expenditures to while executing the funded programs, projects, and activities. This chapter provides NASA's requirements for recording and reporting of these commitments, obligations, and expenditures.

4.2 Agency Requirements

4.2.1 All legal, regulatory, and Agency policy and requirements shall be met in the incurring and recording commitments, obligations, and expenditures.

4.3 Roles and Responsibilities

4.3.1 Any Officer or Employee Granted the Authority to Obligate the NASA to Expend Funds. Ensure that funds are available prior to entering into an obligation, that obligating documents reflect the applicable appropriation account and funding citation, and that obligations are valid in accordance with current policy.

4.3.2 Any Employee Recording Commitments, Obligations, or Expenditures in the Official Accounting System. Ensure that all documentation required to support a valid transaction has been received and that the transaction is recorded promptly and accurately.

4.4 Commitments

4.4.1 Commitments are budgetary and accounting actions taken to authorize and reserve funds for future obligations in the current fiscal year. This administrative reservation of allotment and resources authority is based on a documented anticipated future expenditure for known liabilities such as payroll or contingent liabilities, an approved requisition, procurement request, authorization to execute a contract, or other written evidence which authorizes the future creation of obligations without further recourse to the official responsible for certifying the availability of the allotment and resources authority. Commitments which are not obligated by the end of the fiscal year are deleted from the financial system.

4.4.2 There are specific policies and requirements which apply to the recording and reporting of commitments of appropriations available to NASA.

4.4.2.1 Since commitments are authorizations to incur obligations, the basic principles applicable to recording valid obligations are equally applicable to recording commitments. Therefore, commitments shall be incurred only for those proposed contracts to be entered into or orders to be placed for goods or services, which shall be executed with a bona fide intent that the contractor, or other performing activity, commence work and perform the contract without unnecessary delay.

4.4.2.2 Commitments are to be recorded promptly against allotments and other subdivisions of funds and must be adjusted promptly upon occurrence of any transaction which increases or decreases

such commitments.

4.4.2.3 The availability of resources authority shall be determined before a commitment is incurred or a change is made which increases the amount of the original commitment. A completed procurement request, certifying that funds are available, shall be required prior to committing the Government to contract for products or services.

4.4.2.4 Commitment documentation shall be maintained in CFO accounting offices.

4.4.2.5 Commitments shall not be incurred in excess of available resources authorization at the level specified by the granting authority. Creation of commitments in excess of available resources authorization does not by itself necessarily constitute a violation of 31 USC 1341; however, creation of commitments in excess of available resources authorization may be subject to administrative discipline.

4.4.2.6 Complete and accurate reporting of commitments is also critical to providing the basis for management review of budgets, apportionment requests, reprogramming actions, and financial plans

4.4.3 In addition to these policies, there are those which apply to specific commitment areas, such as acquisition, contracts, and the procurement of goods and services.

4.4.3.1 Commitments shall be recorded only on the basis of appropriate documentary evidence consisting of firm requisitions, procurement requests, authorizations to issue orders, or other authorized written evidence signed by authorized persons, having the effect of firm orders, or authorizations, to enter into specific contracts or other obligations. The commitment document shall include the specific amount of the commitment, the signature of the fund certifying official, and the date the document was certified.

4.4.3.2 Anticipated obligations reflected in an approved program, financial operating plan, or operating budget are not commitments until ratified by specific requisitions, purchase requests, or directives requiring commencement or procurement actions. Similarly, a commitment is not created and may not be recorded if the authorizing document indicates it is for planning purposes and the fund certifying official has not certified funds availability.

4.4.3.3 NASA Federal Acquisition Regulations (FAR) Supplement, Chapter 18, Subpart 1804.7301 requires that there be a certification of fund availability before an obligation is incurred. A variety of documents are used to inscribe an accounting certification that indicates availability of funds. These documents, if they meet the criteria of this chapter, are valid support for recording commitments. The amount to be recorded as a commitment initially is the amount for which fund availability has been certified and is based on the cost estimate set forth in the commitment document.

4.4.3.4 Commitment of funding for employment incentives and termination costs is the responsibility of the organization taking the action. The funding sources that may be used for these actions are described in Appendix F.

4.4.3.5 Each budget execution action used in the procurement and contract process and to acquire goods and services, must meet requirements prescribed by FAR, the ADA, and NASA policy.

4.4.3.6 Additional information on actions required for the commitment of funds for government contract procurement actions is provided in Appendix F.

4.5 Obligations

4.5.1 An obligation is any action that legally binds the Government to make an outlay or expenditure

of funds immediately or in the future, and there are legal and regulatory requirements which govern obligations. There are also specific requirements which apply to the budget execution task of recording and reporting obligations for all funds available to NASA.

4.5.1.1 The apportioned amount and funds/budget authority received during the NASA funds distribution process limit the obligations that may be incurred. The amounts and purposes specified in appropriation acts, apportionment, allotments, and suballotments (if issued) identify the obligations that can be incurred without violating the ADA. Funds distributed as allowances and by allocating funding targets are also limited to the amounts and purposes specified, and violations are subject to administrative penalties. Allowances and allocations are only subject to the ADA if an overobligation or overexpenditure is of such a magnitude that it also violates an allotment or suballotment.

4.5.1.2 When obligations are incurred, it shall be recorded in the official accounting records when supported by documenting evidence of the occurrence of the event. Reporting and recording will involve the following actions.

a. An oral order or agreement shall be formalized in writing or conform to prescribed electronic standards in order to provide proper support and an audit trail for an obligation. Oral orders executed in this manner without a formal commitment of funds present a risk of violating the Antideficiency Act, should be promptly documented, and should be avoided to the maximum extent possible. In the event of an emergency situation, oral orders shall be conveyed to a contractor, supplier, grantee, or other service provider by an appropriate authorizing official. Particular attention should be made to major procurement actions. Contractor performance/cost reports shall be promptly entered into the accounting system, and monitored to ensure that contractor costs reported do not exceed obligations. In those situations in which costs exceed obligations, a review of the circumstances shall be made promptly and corrective actions taken by the Agency.

b. Once incurred, all obligations and expenditures shall be recorded, accurately and promptly, as of the date incurred even if recordation results in amounts above fund availability. The accounting system shall provide the capability to record the transaction by placing it in a suspense status pending review and corrective actions. A violation resulting from an amount is caused by the actions of the individual(s) who caused or created the obligation. The recording of the obligation in the accounting system meets the fundamental requirement for the prompt recordation of all obligations, whether or not funding authority exists at the level of violation or at higher levels.

c. Adjustments in obligations may consist of recording changes to obligation amounts that existed in a prior period that may or may not have been identified and recorded during that period. If an adjustment causes total obligations for a prior period, after consideration of all known valid obligations and deobligations, to exceed the amount that was available for obligation for that prior period, a potential violation of subsections 1341(a) or 1517(a), or both, of Title 31, United States Code, may have occurred.

d. Each obligation action used on the procurement and contract process to acquire goods and services, and other needs for the Agency, must meet requirements prescribed by FAR, the ADA, and NASA policy.

e. Overobligation or overexpenditure of an allowance or allocated funding target is not a violation of the ADA unless it results in overobligation or overexpenditure of appropriation, apportionment, allotment, or suballotment but overobligations and overexpenditures are subject to administrative penalties.

f. Deobligated funds may be reobligated within the available period of the appropriation (unexpired phase). In the expired phase, unobligated funds, including those recovered through deobligation, are

available only to cover appropriate adjustments for obligations in an expired account.

4.6 Expenditures.

4.6.1 When expenditures are incurred, they shall be recorded and reported in accordance with NASA accounting policies and shall meet requirements set forth in the ADA. Expenditures may not exceed obligations, and corrective action must be taken promptly to validate the expenditures and obligation if it appears that they have.

Chapter 5. Compliance with the Antideficiency Act

5.1 Overview

5.1.1 The Antideficiency Act (ADA) is one of the major laws through which Congress exercises constitutional control of the public purse. Some of its prohibitions include: making or incurring overobligation or overexpenditure from an appropriation, apportionment, or formal subdivision thereof (i.e., allotment or suballotment, if issued, under NASA Fund Control Regulations); making or incurring expenditures or obligations in advance of an appropriation unless authorized by law; and accepting voluntary services unless authorized by law. Additional restrictions include: only using an appropriation for its intended purpose and, for appropriations made for a definite period (e.g., two-year funds), only using the appropriation for expenses and obligations properly incurred during that time ("bona fide needs" rule). ADA constraints apply to all phases of an appropriation's life cycle.

5.2 Agency Requirements

5.2.1 NASA shall comply with all ADA requirements. NPR 9050.3, "The Antideficiency Act" provides greater detail on ADA and related statutory requirements, as well as the roles and responsibilities of individuals within NASA.

Chapter 6. Reporting Requirements and the Performance and Accountability Reports

6.1 Overview

6.1.1 Agencies are required to prepare and certify reports on budget execution, which may be included with other accounting reporting requirements. These reporting requirements are addressed in NPR 9310.1, "External Reports - Accounting," and NPR 9311.1, "External Reports - Budget," with the exception of the annual Performance and Accountability Report (PAR).

6.2 Agency Requirements

6.2.1 NASA shall comply with all reporting requirements concerning budget execution that are required by legislation, regulation, and Agency policy.

6.2.2 The NASA financial statements shall be issued as part of the Agency's PAR.

6.3 Roles and Responsibilities

6.3.1 OCFO is responsibility for the financial portion of the PAR.

6.3.2 PA&E is responsible for development of the non-financial portions of the PAR and for coordinating submission of the entire document.

Appendix A. Definitions

A.1. Key terms and concepts are provided below.

BUDGET EXECUTION TERMS		
Acts (Types)		
Appropriation Act	--	<p>An act under the jurisdiction of the House and Senate Committees on Appropriations that generally provides legal authority for federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. Major types of appropriation acts are regular, supplemental, deficiency, and continuing.</p> <p>Regular Appropriation. All appropriation acts that are not supplemental, deficiency, or continuing.</p> <p>Supplemental Appropriation. An act appropriating funds in addition to those already enacted in an annual appropriation act, usually in cases where the need for funds is too urgent to be postponed until enactment of the regular appropriation bill. Supplementals may sometimes include items not appropriated in the regular bills for lack of timely authorizations.</p> <p>Deficiency Appropriation. An appropriation made to pay obligations for which sufficient funds are not available, often resulting from violations of the Antideficiency Act. Though technically distinct from a supplemental appropriation, Congress has stopped passing separate deficiency appropriations.</p> <p>Continuing Appropriation. An appropriation act that provides budget authority for federal agencies, specific activities, or both to continue in operation when Congress and the President have not completed action on the regular appropriation acts by the beginning of the fiscal year. A continuing resolution may be enacted for the full year, up to a specified date, or until regular appropriations are enacted and usually specifies a maximum rate at which the obligations may be incurred. If enacted to cover the entire fiscal year, the resolution will usually specify amounts for each appropriation account.</p>

Authorization Act	--	Substantive legislation that establishes and continues the operation of a federal program or agency either indefinitely or for a specific period or that sanctions a particular type of obligation or expenditure within a program.
Antideficiency Act (ADA)	--	One of the major laws through which Congress exercises constitutional control of the public purse. Some of its prohibitions include: making or incurring overobligation or overexpenditure from an appropriation, apportionment, or formal subdivision thereof (i.e., allotment or suballotment, if issued, under NASA Fund Control Regulations); making or incurring expenditures or obligations in advance of an appropriation unless authorized by law; and accepting voluntary services unless authorized by law. Additional restrictions include: only using an appropriation for its intended purpose and, for appropriations made for a definite period (e.g., two-year funds), only using the appropriation for expenses and obligations properly incurred during that time ("bona fide needs" rule). ADA constraints apply to all phases of an appropriation's life cycle.
Budget Authority	--	The authority to incur financial obligations that will result in outlays. The basic four forms are appropriations, borrowing authority, contract authority, and spending authority from offsetting collections. NASA only has appropriations and spending authority.
Appropriation	--	A provision of law authorizing the expenditure of funds for a given purpose, usually, but not always, in an appropriations act. It is designated by the Treasury Appropriation Fund Symbol (TAFS).
Spending Authority from Offsetting Collections	--	Authority permitting obligations and outlays to be financed by offsetting collections. Reimbursables and Working Capital Funds use spending authority. Reimbursables are characterized as anticipated until there is a signed agreement, at which time they are characterized as realized. Anticipated resources are not available for obligation until apportioned, distributed to the operating unit, and realized. Unrealized anticipated spending authority does not carry over into the new fiscal year.
Budget Authority (Funds) Distribution	--	The formal distribution/delegation of budget authority

Apportionment/ Reapportionment	--	A distribution made by OMB of amounts available for obligation and outlay in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by agency policy, and NASA has formally subdivided these into allotments and, if warranted, suballotments. The specified amounts in an apportionment, allotment and suballotment are the limit of obligations that can be incurred without violating the ADA. Apportionments and reapportionments remain in effect through the expired and canceled phases.
Allotment and Suballotment	--	Authorization to incur obligations up to a specified amount, within the apportionment approved by OMB. An allotment, or a suballotment when used, is part of an agency system of administrative control of funds, whose purpose is to keep obligations and expenditures from exceeding the amounts available. Incurring or making an obligation or expenditure in excess of an allotment or a suballotment is an ADA violation. Allotment and suballotment limitations remain in effect through the expired and canceled phases. However, unobligated balances may be pulled back from allotments and suballotments during the expired phase and redistributed for adjusting and liquidating obligations properly chargeable to the account. (Note: Making or authorizing an expenditure or obligation of funds cannot occur prior to funds being made available for the adjustment. Increasing an allotment or suballotment does not eliminate any ADA violation that may have occurred. If an ADA violation existed prior to the additional funds being distributed, it must still be reported.)
Allowance	--	A formal administrative subdivision of an allotment that may be used instead of a suballotment when the Agency CFO wishes to further distribute funds to meet operational needs but has determined that ADA or apportionment controls below the allotment level are not necessary

Allocation of Funding Targets	--	The formal administrative distribution of funding targets below suballotment to the program, project, and Center levels to incur obligations within a specific amount. Overobligation or overexpenditure of an allocated funding target is not a violation of the ADA unless it results in overobligation or overexpenditure of appropriation, apportionment, allotment, or suballotment but is subject to administrative penalties.
Budget Authority Phases	--	There are three phases to a budget authority's life cycle.
Unexpired Phase (current / available period)	--	The time period during which budget authority is available for incurring "new" obligations. For example, you may make "new" grants or sign "new" contracts during this phase, and you may make disbursements to liquidate the obligations. This phase lasts for a set number of years provided in the appropriations (one year, two year, etc.). No-year authority lasts indefinitely. If deobligations (called recoveries) occur during this phase, funds may be used for new obligations if apportioned.
Expired Phase	--	The time period during which budget authority is no longer available for new obligations but is still available for liquidating existing obligations by making disbursements. This phase lasts five years after the last unexpired year, unless lengthened by legislation. Budget authority, including funds that become available through deobligation, is available for upward adjustments on obligations properly chargeable to the account, but not for "new" obligations like an increase in the scope of a project. ADA restrictions still apply down to level of formal subdivision (i.e., allotment and suballotment (if issued)). However, unobligated balances may be pulled back below the apportionment level during the expired phase and redistributed for adjusting and liquidating obligations properly chargeable to the account within the same appropriation and apportionment. (Note: Making or authorizing an expenditure or obligation of funds cannot occur prior to funds being made available for the adjustment. Increasing an allotment or suballotment does not eliminate any ADA violation that may have occurred. If an ADA violation existed prior to the additional funds being distributed, it must still be reported.)

Canceled (Closed) Phase	--	After the last expired year, an account is closed, and the balances and authority to disburse are canceled. Any offsetting collections that would have been credited to the account prior to the time the account is canceled but that are received after the account is closed must be recorded in miscellaneous receipts in the Treasury. Any invoice reflecting a valid obligation that is received after an account has closed must be obligated against and disbursed from budget authority that is available for the same general purpose but still in the unexpired phase, i.e., "current funds"; but it is an ADA violation for disbursements to exceed 1% of an available current appropriation and/or the remaining balance of canceled unobligated funds for that account, apportionment, allotment, or suballotment (if issued).
Contract / Grant / Agreement		
Contract	--	A mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds. Contracts include (but are not limited to) awards; job orders or task letters issued under basic ordering agreements; letter contracts; purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. ^{oo} 6301 et seq.
Cooperative Agreement or Grant	--	A federal financial assistance award making payment in cash or in kind for a specified purpose. For a grant, NASA is not expected to have substantial involvement with recipient (the state or local government or other entity) while the contemplated activity is being performed. For a cooperative agreement, NASA is expected to have substantial involvement with recipient while the contemplated activity is being performed.
Economy Act Agreement	--	An agreement to obtain goods or services from another agency or major unit of the same agency, under the terms of 31 U.S.C. ^o 1535. The amount obligated must be deobligated to the extent that the performing agency/unit has not incurred obligations before the end of the period of

		availability of the ordering appropriation and set agreement period of performance. Funds may not be obligated by the performing agency after the ordering agency's appropriation expires and set agreement period of performance.
Space Act Agreement	--	A binding agreement entered into under the "other transaction" authority in the Space Act between NASA and another party ("Agreement Partner"). Space Act Agreements can be Reimbursable (NASA's costs are reimbursed for its unique goods, services, or facilities), Nonreimbursable (there is no exchange of funds), or Funded (appropriated funds are transferred to a domestic Agreement Partner to accomplish an Agency mission). Properly obligated budget authority remains obligated after the appropriation expires for liquidating the ordering agency's obligation as the performing agency completes the work (i.e., it does not have to be deobligated before the appropriation expires, like Economy Act obligations). However, as with other contractual obligations, once the agency liquidates the obligation, any remaining balances are subject to the original purpose and time limitations and are not available for new obligation after the account has expired.
Plans		
Agency Execution Plan (AEP)	--	A detailed financial plan based on the Agency Operating Plan and used to determine how funds will be distributed below the apportionment level, but within any controls established in the appropriation and apportionment.
Agency Operating Plan (AOP)	--	An internal plan based on the Congressional Operating Plan which sets forth the specifics on how NASA intends to apply Agency financial resources during the fiscal year to fulfill its mission when more detail is needed than provided in the COP. For example, the AOP includes all programs and projects, while the COP may or may not go down to the project level.
Congressional Operating Plan (COP)	--	An external operating plan which may be developed at the program or project level, as requested by Congress. It is approved by the Administrator and OMB and then provided to Congress for a 15-day review period before being executed. It is not a statutory control but establishes a common understanding between NASA, OMB, and

		Congress of NASA's planned course of action in achieving its mission.
Other Terms		
Advance Appropriation	--	Budget authority provided in an appropriation act that becomes available 1 or more fiscal years after the fiscal year for which the appropriation act was enacted. For example, a fiscal year 2005 appropriation act could provide that the budget authority for a specified activity would not become available until October 1, 2005 (the start of fiscal year 2006), or later. The amount is not included in the budget totals of the year for which the appropriation act is enacted but rather in those for the fiscal year in which the amount will become available for obligation. In the example above, the budget authority would be recorded in fiscal year 2006.
Anticipated Budget Authority	--	Resources that are expected to become available during the current fiscal year but which have not yet been received or are not otherwise available. Reimbursable funding that has not been realized and recovery of prior year obligations are two forms of anticipated budget authority.
"Bona Fide" need	--	An appropriation or fund limited for obligation to a definite period [typically two years for most NASA projects] is available only for payment of expenses properly incurred during the period of availability, or to complete contracts properly made and obligated within the period of availability. That is, the obligation must be to satisfy a need of the agency that arose during the period of availability (with certain limited exceptions) and must meet the purpose and availability of funds established in the appropriation.
Commitment	--	An administrative reservation of budget authority in anticipation of an obligation.
Deobligation	--	An agency's cancellation or downward adjustment of previously incurred obligations during the unexpired or expired phase. If the funds are current and available, they are considered to have been recovered. Deobligated funds may be reobligated within the available period of the appropriation (unexpired phase) if apportioned. In the expired phase, all unobligated funds, including those deobligated, are available only to cover appropriate

		adjustments to existing obligations in an expired account.
Disbursement	--	Amounts paid by cash or cash equivalent (such as checks and electronic transfers) to liquidate Government obligations. "Disbursement" is used interchangeably with the term "outlay" and "expenditure." Gross disbursements represent the amount of payments made less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriation or fund account, such as amounts received for goods and services provided.
Expenditure/ Outlay	--	The actual spending of money or cash equivalent; see disbursement.
Expense	--	An accounting term referring to the outflow of assets and/or incurrence of liabilities, as a result of providing goods, rendering services, or carrying out other activities related to NASA's programs and missions, the benefits from which do not extend beyond the present operating period.
Forward Funding	--	(1) Budget authority that is made available for obligation beginning in the last quarter of the fiscal year for the financing of ongoing activities (usually grant programs) during the next fiscal year. This funding is used mostly for education programs, so that obligations for grants can be made prior to the beginning of the next school year. The budget records the budget authority in the fiscal year in which it is appropriated. For example, the following language, if it appeared in an appropriation act for 2007, would provide forward funding: "... of which \$2,000,000 shall become available on July 1, 2007 and shall remain available through September 30, 2008 for academic year 2007-2008." (2) NASA sometimes uses this term to refer to incurring any obligation to cover a bona fide need for the following fiscal year using current year funds that would have carried over and remained available in the following fiscal year.
Funding/ Appropriation Hiatus	--	A funding, or appropriation, hiatus occurs when neither a regular appropriation nor a continuing resolution is passed by Congress to provide funding and, as a result, most Federal government operations are shut down. In the absence of appropriations: (a) Federal officers may not incur any obligations that cannot lawfully be funded from

		prior appropriations unless such obligations are otherwise authorized by law; (b) Federal officers may incur obligations as necessary for orderly termination of an agency's functions, but funds may <u>not</u> be disbursed. Only essential personnel will continue to work during a shut down of government operations, and they will be determined by: (a) the hazardous character of certain NASA operations; (b) the threat to property involved in failure to provide the minimum level of security, safety, reliability, and quality assurance oversight to contractor operations continuing under multiyear appropriations; (c) the preservation of Government assets, for example, orbiting spacecraft including the International Space Station (ISS), requiring regular and frequent attention; and (d) the safety of human life.
Lapse in Appropriations	--	A funding/appropriation hiatus; see funding hiatus.
Obligation	--	Any act that legally binds the Government to make an outlay or expenditure of funds immediately or in the future; a "bona fide" need must exist and funds must be available, apportioned, and distributed before creating an obligation.
Recovery of Prior Year Obligations	--	A deobligation of prior year unpaid obligations. If the funding is still available for new obligations, it may be obligated for a new purpose; if the appropriation has expired, it may only be used for adjustments to existing obligations. Recovered funding may only be used if it has been properly apportioned and distributed to the operating unit.
Reimbursables Anticipated	--	Amount of new, signed agreements planned/expected in a fiscal year. When reimbursable agreements are signed during the year, amounts of those agreements become realized. Anticipated reimbursables are apportioned by OMB but budgetary resources do not become available for obligation until reimbursable agreements are realized.
Reimbursables Earned	--	Reimbursable work from other agencies and customers for which the performance of service and delivery has been completed by the performing activity.

Reimbursables Realized	--	Reimbursable work from other agencies and customers for which reimbursable contracts or agreements have been signed by both the customer and the provider.
Unobligated Balance	--	The cumulative amounts of budget authority that are not obligated and that remain available for obligation (current funds) or for existing obligations with properly chargeable adjustments (expired funds) under law.
Types of Fund Accounts	--	There are a variety of Expenditure/Appropriation and Receipt Accounts in the President's Budget, including:
Federal Funds Group	--	Fund types in which moneys are collected and spent by the Government through accounts other than those designated as trust funds, including general, special, public enterprise, and intragovernmental funds.
General Fund	--	Accounts in the U.S. Treasury holding all federal money not allocated by law to any other fund account.
Revolving Fund	--	A fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are three types: public enterprise, intragovernmental, and trust revolving funds.
Special Fund	--	An account earmarked by law for a specific purpose.
Trust Fund	--	A type of account, designated by law a trust fund, for receipts or offsetting receipts earmarked for specific purposes and the expenditure of these receipts.
Working Capital Fund	--	A revolving fund that operates as a self-supporting entity and conducts a regular cycle of businesslike activities. These funds normally function entirely from the fees charged for the products or services they provide consistent with their statutory authority.
Treasury Appropriation Fund Symbol	--	The separate Treasury accounts for each appropriation title; include a Federal account symbol and availability code (annual, multi-year, or no-year)

Warrant	--	An official document that the secretary of the Treasury issues upon enactment of an appropriation that establishes the amount of moneys authorized to be withdrawn from the central accounts that the Department of the Treasury maintains. It is often called an appropriation or Treasury warrant.
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Appendix B. Acronyms

ADA	Antideficiency Act
AEP	Agency Execution Plan
AOP	Agency Operating Plan
CAM	Control Account Manager
DCFO	Deputy Chief Financial Officer
FMFIA	Federal Managers' Financial Integrity Act
GPRA	Government Performance and Accountability Act
JPL	Jet Propulsion Lab
NPD	NASA Policy Directive
NPR	NASA Procedural Requirements
OCFO	Office of the Chief Financial Officer
OLIA	Office of Legislative and Intergovernmental Affairs
OMB	Office of Management and Budget
OPII	Office of Program and Institutional Integration
PA&E	Program Analysis and Evaluation
PPBE	Planning, Programming, Budgeting, and Execution
U.S.C.	United States Code

Appendix C. Description of Authority and Applicable Documents

C.1. Authority

a. **2 U.S.C. §§ 681-688**, The Congressional Budget and Impoundment Control Act of 1974, Title X, Public Law 93-344. These sections define the terms relevant to and the requirements for Congressional consideration of proposed rescissions, reservations, and deferrals of budget authority and the Comptroller General's role in relation to those actions.

b. **10 U.S.C. § 2306b**, Multiyear Contracts: Acquisition of Property. This section provides the authority to enter multiyear contracts for the purchase of property (other than land) and the requirements and limitations for doing so.

c. **10 U.S.C. § 2306c**, Multiyear Contracts: Acquisition of Services. This section provides the authority to enter multiyear contracts of not more than five years for five specified types of services and the requirements and limitations for doing so.

d. **15 U.S.C. § 5807**, NASA Authorization Act, Fiscal Year 1993, Sec. 508, Commercial Space Competitiveness: Use of Government Facilities. This section provides the authority for NASA to allow non-federal entities to use its space-related facilities on a reimbursable basis within the specified limitations.

e. **31 U.S.C. § 1102**, The Budget and Fiscal, Budget, and Program Information: Fiscal Year. This section establishes that the fiscal year of the Federal government begins October 1 of each year and ends on September 30 of the following year.

f. **31 U.S.C. § 1112**, The Budget and Fiscal, Budget, and Program Information: Fiscal, Budget, and Program Information. This section provides the requirements for standardization in the Federal government with regard to the subject areas covered in the title.

g. **31 U.S.C. Chapters 13 and 15**, The Budget Process: Appropriations and Appropriation Accounting (including Antideficiency Act requirements). These chapters provide requirements and limitations concerning the use of funds provided in appropriations and the subsequent closure of the appropriation accounts.

h. **42 U.S.C. § 2459i**, Consolidated Appropriations Resolution, 2003, Public Law 108-7. This section established the NASA Working Capital Fund (WCF) and how it may be used.

i. **49 U.S.C. Chapter 701**, Commercial Space Launch Activities. This chapter encourages and promotes commercial space launches by the private sector and promotes public-private partnerships involving the U.S. Government, State governments, and the private sector to build, expand, modernize, or operate a space launch infrastructure. It also requires the Secretary of Transportation to facilitate and encourage the acquisition by the private sector and State governments of launch or reentry property of the United States Government that is excess or otherwise is not needed for public use; and launch services and reentry services, including utilities, of the Government otherwise not needed for public use and provides the general requirements and considerations for doing so.

j. **Chief Financial Officers Act of 1990**, Public Law 101-576. This law established a Chief Financial Officer in each executive department and in each major executive agency in the Federal Government and described the primary responsibilities of that position, which include overseeing all

financial management activities relating to the programs and operations of the Agency.

k. **Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1989**, Public Law 100-404, Title II. This law established and provided for funds and the investment of those funds for the Science, Space, and Technology Education Trust Fund for the purpose of making grants for programs directed at improving science, space, and technology education in the United States.

l. **Federal Managers Financial Integrity Act (FMFIA) of 1982**, Public Law 97-255. This law amends the Accounting and Auditing Act of 1950 to require Federal agencies to establish internal accounting and administrative controls to prevent waste or misuse of agency funds or property and assure the accountability of assets.

m. **Government Performance and Results Act (GPRA) of 1993**, Public Law 103-62. This law amended 31 U.S.C. to include additional Agency responsibilities for strategic plans, annual performance plans, and annual performance reports. The resources required to meet the performance goals must also be reported.

n. **NASA Authorization Act of 1992**, Public Law 102-195, Sec. 20. This law established the NASA Endeavor Teacher Fellowship Trust Fund and its investment criteria and provided that income accruing from the Trust Fund principal be used to create the NASA Endeavor Teacher Fellowship Program, to the extent provided in advance in appropriation Acts, to award fellowships to U.S. national who are undergraduate students pursuing teaching degrees in elementary education or in secondary education in mathematics, science, or technology disciplines.

o. **The National Aeronautics and Space Act of 1958**, Public Law 85-568, 72 Stat. 426, as amended (Title 42, U.S.C., Chapter 26). This law, referred to as The Space Act, established NASA as a Federal agency, outlining the objectives of United States aeronautical and space activities and authorizing NASA to enter into activities which require financial support functions subject to ADA requirements, such as contracting, hiring employees, constructing facilities, and accepting gifts and donations.

p. **OMB Circular No. A-11**, Preparation, Submission, and Execution of the Budget, Part IV, "Instructions on Budget Execution", which provides guidance on budget execution and outlines specific requirements for the Agency's fund control procedures.

q. **OMB Circular No. A-123**, Management Responsibility for Internal Controls, which provide guidance for Agency management of internal controls, including internal controls over financial reporting.

r. **NASA Policy Directive (NPD) 9010**, "Financial Management." This NPD establishes that the Agency CFO directs, manages, and provides policy guidance and oversight of Agency financial management personnel, activities, and operations.

C.2. Applicable Documents

a. **NPR 5100.4**, "Federal Acquisition Regulation Supplement (NASA/FAR Supplement) [48 CFR 1800-1899]." This NPR requires that there be a certification of fund availability before an obligation for acquisition is incurred.

b. **NPR 9050.3**, "The Antideficiency Act." This NPR provides Agency guidance on recognizing, preventing, investigating and reporting potential and substantiated ADA violations or violations of other administrative subdivisions of funds made by the Agency.

- c. **NPR 9090.1**, "Reimbursable Agreements." This NPR provides financial policy and requirements for reimbursable agreements.
- d. **NPR 9095.1**, "Working Capital Fund Policy Requirements." This NPR provides financial policy and requirements for the Working Capital Fund.
- e. **NPR 9290.1**, "Special Accounts." This NPR provides financial policy and requirements in the handling of special accounts and trust funds.
- f. **NPR 9680.1**, "Grants Financial Management." This NPR provides financial policy and requirements related grants.
- g. **NPR 9700.1**, "Travel." This NPR provides financial policy and requirements related to travel.

Appendix D. NASA Fund Control Regulations



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 17, 2008

The Honorable Michael Griffin
Administrator
National Aeronautics and Space Administration
Washington, D.C. 20546-0001

Dear Administrator Griffin:

The Office of Management and Budget (OMB) has reviewed the draft fund control regulations of the National Aeronautics and Space Administration (NASA) that were submitted to OMB for review on May 2, 2008.

OMB appreciates NASA working with OMB during our review of the draft regulations. During that review, OMB asked NASA staff, and they agreed, to revise the language in Section B0803(D) of the regulations in order to conform to the current version of Section 145.7 of OMB Circular A-11 (issued June 2008). Enclosed is an as-revised copy of the regulations that incorporates this revision.

Based on OMB's review of the NASA fund control regulations, and in accordance with Section 150 of Circular No. A-11 and 31 U.S.C. § 1514, OMB hereby approves the enclosed regulations for use by NASA.

If NASA staff have any questions, they may contact Joydip Kundu, Program Examiner, Science and Space Branch, at 202-395-4613 or by e-mail at joydip_kundu@omb.eop.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle", is written over the typed name and title.

Jim Nussle
Director

Enclosure

cc: Ronald Spoehel, Chief Financial Officer

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION FUND CONTROL REGULATIONS

D.1 Purpose. This document establishes policy and prescribes procedures for fund control during budget execution at the National Aeronautics and Space Administration (NASA) and specifies basic fund control principles and concepts. This document:

D.1.1 Prescribes a system for positive administrative control of funds designed to restrict obligations and expenditures to the amount available in each appropriation or fund account. D.1.2 Restricts both obligations and expenditures from each appropriation or fund account to the lower of the amount apportioned by the Office of Management and Budget (OMB) or the amount available for obligation and expenditure in the appropriation or fund account. D.1.3 Enables the NASA Administrator to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reappportionment, the allotment or suballotment, any statutory limitations, and any other administrative subdivision of funds made by the Agency. D.1.4 Provides procedures for dealing with violations of the Antideficiency Act (ADA) and with obligations and expenditures that exceed administrative subdivisions of funds made by the Agency, but do not violate the ADA. **D.2 Authority** D.2.1 The National Aeronautics and Space Act of 1958, Public Law 85-568 (Title 42, United States Code (U.S.C.) Ch 26). This law establishes NASA as a Federal agency, outlines the objectives of United States aeronautical and space activities, and authorizes NASA to enter into activities that require Federal funding, such as contracting and hiring employees. D.2.2 Title 31, U.S.C. a. Sections 1301(a), 1341-1342, 1349-1351, 1511-1519 (part of the ADA, as amended). These sections: (1) Require that appropriations be applied only to the objects for which the appropriations were made except as otherwise provided by law. (2) Require that an agency's funds be apportioned to prevent spending at a rate that would require a supplemental or deficiency appropriations. (3) Require the Administrator, as the head of NASA and subject to the approval of the Director of the OMB, to prescribe by regulation a system of administrative controls designed to restrict obligations and expenditures against each appropriation or fund to the amount of budget authority available therein. Enclosure (4) Prohibit any Federal officer or employee from entering into contracts or obligations that exceed the enacted appropriation for a given year or from purchasing services and/or merchandise before appropriations are enacted, unless such contract or obligation is authorized by law. (5) Provide direction for reporting violations and for penalties associated with violations. b. Sections 1101, 1104-1108, 3324 (The Budget and Accounting Act of 1921, as amended). These sections grant the President authority to prepare budgets for the Government requiring a uniform budgetary practice for all Executive agencies. The Act offers guidance on the required content of budget submissions to Congress. Section 3324 governs the advance of public money. c. Sections 1501-1502 (The Supplemental Appropriations Act of 1950). These sections require documentary evidence for Government obligations, but most importantly define an obligation and the availability of funds to make outlays for such obligations. d. Section 1112, 1531, 3511-3512, 3524 (The Budget and Accounting Procedures Act of 1950). These sections require all agencies to report and maintain standard accounting systems on fiscal, budget, and program information. Section 1531 outlines procedures for transfers between agencies. D.2.3 Title X of The Congressional Budget and Impoundment Control Act of 1974, Public Law 93-344 (2 U.S.C. ° 681-688). This title establishes procedures for, and restrictions upon, the deferral or rescission of appropriations. D.2.4 The Federal Managers' Financial Integrity Act of 1982, Public Law 97-255 (31 U.S.C. ° 3512). This law amends the Accounting and Auditing Act of 1950 to require Federal agencies to establish internal accounting and administrative controls to prevent waste or misuse of agency funds or property and assure the accountability of assets. D.2.5 The Federal Financial Management Improvement Act of 1996 (31 U.S.C. ° 3512). This law requires agencies to comply with Federal financial management systems requirements, applicable Federal accounting

standards, and the United States Government Standard General Ledger at the transaction level.

D.2.6 OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, Part IV, “Instructions on Budget Execution.” This circular provides guidance on budget execution and outlines specific requirements for the agency’s fund control regulations. Section 150 and Appendix H, in particular, cover fund control requirements.

D.2.7 NASA Financial Management Requirements, Volume 5, *Budget Execution*. This volume provides Agency guidance for allocating, managing, and controlling funds on a programmatic basis throughout the Agency.

D.2.8 NASA Financial Management Requirements, Volume 10, *Antideficiency Act*. This volume provides agency guidance on investigating and reporting potential and substantiated ADA violations or violations of other administrative subdivisions of funds made by the Agency.

D.3 Scope. All NASA organizations, appropriations, and funds are subject to the policy and provisions contained in this document without exception.

D.4 Definitions, Terminology, and Concepts. The definitions, terminology, and concepts found in Title 31, U.S.C., and OMB Circular No. A-11 applies to the Agency’s financial management activities, including the administrative control of funds. Those definitions and additional terms used at NASA are provided below.

a. Administrative Division or Subdivision of Funds. The formal administrative distribution/delegation of budget authority below the apportionment level.

b. Agency Execution Plan (AEP). A detailed financial plan based on the Agency Operating Plan and used to determine how funds will be distributed below the apportionment level, but within any controls established in the appropriation and apportionment.

c. Agency Limitations. Any limitation placed upon delegated budget authority with NASA with regard to time, purpose, and amount.

d. Agency Operating Plan (AOP). An internal plan based on the Congressional Operating Plan which sets forth the specifics on how NASA intends to apply Agency financial resources during the fiscal year to fulfill its mission. It includes all programs and projects.

e. Allocation of Funding Targets. The formal administrative allocation of funding targets below suballotment to the program, project, and Center levels to incur obligations within a specific amount. Overobligation or overexpenditure of an allocated funding target is not a violation of the ADA unless it results in overobligation or overexpenditure of appropriation, apportionment, allotment, or suballotment. However, overobligation or overexpenditure of an allocated funding target is subject to administrative action.

f. Allotment and Suballotment. The formal administrative division and subdivision of budget authority delegated to incur obligations within a specific amount pursuant to OMB apportionment or reapportionment action or other statutory authority making funds available for obligation at the mission (allotment) and theme (suballotment) levels. Making or authorizing an overobligation or overexpenditure of an allotment or suballotment is a violation of the ADA, which must be reported.

g. Apportionment/Reapportionment. A distribution or change to distribution of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combinations of these. Amounts must be apportioned by OMB prior to obligation. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, suballotments, and allocations. Overobligation or overexpenditure of an apportionment is a violation of the ADA, which must be reported.

h. Appropriation. A provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

i. Budget Authority. The authority provided by law to incur financial obligations that will result in outlays. Specific forms of budget authority include appropriations, borrowing authority, contract authority, and spending authority from offsetting collections.

j. Congressional Operating Plan (COP). An external operating plan approved by the Administrator and OMB and then provided to Congress for a 15-day review period before being executed.

k. Control Account Managers (CAMs). Senior Agency officials who manage major budgetary accounts and are responsible for development and execution of the budget content for those accounts. Specific CAMs are identified by title in NASA’s annual Strategic Planning Guidance.

l. Mission. A major function or operation of the Agency and the highest activity level of the NASA budget framework. Missions are required to accomplish an Agency goal or effectively

pursue a scientific, technological, or engineering opportunity directly related to an Agency goal.m. **Theme.** An element of the NASA budget structure that divides the NASA Mission into strategic categories of one or more programs (e.g., Earth Science, Heliophysics, Planetary Science, and Astrophysics are NASA themes that fall under its Science Mission Directorate). **D.5 Responsibility and Functions of Individuals.** The NASA Administrator is responsible for the overall direction for the Agency's funds and programs, but relies on the Chief Financial Officer (CFO) and Deputy Chief Financial Officer (DCFO) to provide oversight, direction, and administrative control over all of the Agency's financial assets. D. 5.1 Funds appropriated to meet NASA's resource requirements shall be apportioned at the Agency level, allotted at the mission level, and suballotted at the theme level in accordance with the AEP, but always within and in accordance with any controls established in the appropriation and apportionment. Funding targets will be allocated below the suballotment level to facilitate program execution and business operations. D.5.2 Individuals performing funds distribution activities will attach the appropriate supporting document to each transaction in the accounting system. D.5.3 Administrative controls will be maintained to ensure adequate oversight of all Agency funds at all organizational levels. D.5.4 The responsibilities for funds control are identified in Table D-1. **Table D-1, Fund Control Responsibilities**

Responsibility	Position
Provides overall direction for the Agency's funds and programs.	NASA Administrator
Establishes and maintains processes for administrative control of funds throughout NASA that fully complies with Federal laws and regulations, including financial reporting and financial management internal controls for the Agency.	Agency CFO/DCFO
Develops and maintains an integrated budgeting, accounting, and financial management system and ensures the system meets all financial reporting requirements.	Agency Chief Information Officer
Manages development and maintenance of the COP, AOP, and AEP.	OCFO Comptroller
Prepares and signs Apportionment and Reapportionment Schedules (SF-132s) and forwards to Comptroller for review.	OCFO Director, Financial Mgmt
Prepares, signs, and forwards a letter to Treasury requesting that Appropriation Warrants be issued.	OCFO Director, Financial Mgmt
Reviews Agency SF-132s to ensure they are consistent with the appropriations and the approved COP, initials concurrence, and returns them to Director, Financial Management.	OCFO Comptroller
Receives reviewed SF-132s from Comptroller, and submits to OMB for approval.	OCFO Director, Financial Mgmt
Receives warrants from Treasury authorizing the expenditure of funds.	OCFO Director, Financial Mgmt

Maintains a log of apportionment/reapportionment actions and receives and records apportionments/reapportionments in the official accounting system.	OCFO Director, Financial Mgmt
Allots and suballots apportionments/reapportionments and records in the official accounting system, ensuring they are within any controls established in the appropriation and apportionment.	OCFO Director, Financial Mgmt
Allocates funding targets associated with direct mission and reimbursable activities to program, project, and Center (or equivalent) levels.	Control Account Managers (CAMs)
Allocates funding targets to program, project, and Office of the Inspector General (OIG) Cost Center levels.	OIG Director, Resources Mgmt
Restricts any further distributions of funds received during the processes described in this policy to the amounts available and ensures commitments and obligations do not exceed the funding provided.	Each Organizational Position Receiving a Distribution of Funds
Ensures that funds are available prior to entering into an obligation, that obligating documents reflect the applicable appropriation account and funding citation, and that obligations are valid in accordance with current policy.	Any Officer or Employee Granted Authority to Obligate the Government to Expend Funds
Conducts periodic reviews of internal controls for fund control processes for the agency.	OCFO Director, Quality Assurance

D.5.5 The responsibilities for reporting, investigating, and following up on funds control violations are identified in Table D-2.

Table D-2, Investigating, Reporting, and Follow-up on Violations

Responsibility	Position
Reports ADA violations to the President, the Congress, and the Comptroller General of the United States.	NASA Administrator
Notifies the Center CFO, if at the Center level, the Agency DCFO, if at the Headquarters level; or the Deputy IG if in that office, of any potential fund control violation, either statutory or administrative, immediately upon discovery.	Any Individual with Knowledge of a Potential Violation

Appoints a qualified individual from an organization external to the office being investigated who has no vested interest in the outcome to serve as Investigating Officer for a potential violation at Headquarters.	Agency Deputy CFO
Appoints a qualified individual from an organization external to the office being investigated who has no vested interest in the outcome to serve as Investigating Officer for a potential violation at a Center and informs the Agency DCFO of the potential violation.	Center CFO
Appoints a qualified individual from an office external to the NASA OIG who has no vested interest in the outcome to serve as Investigating Officer for a potential violation in the OIG.	NASA Deputy Administrator
Obtains and documents all relevant and specific facts of the case, including identification of the person(s) responsible for the violation as supported by the Investigating Report, and presents the report to the official that requested the investigation.	Investigating Officer
Provides Investigating Report on potential violations at a Center to Agency DCFO.	Center CFO
Provides a summary brief and the Investigating Report to the Agency CFO.	Agency DCFO
Prepares letters for substantiated ADA violations from the Administrator: To the Director of OMB, transmitting a letter to the President. To the Speaker of the House of Representatives and the President of the Senate. To the Comptroller General of the Government Accountability Office. These letters will provide the report of violation in accordance with OMB Circular No. A-11.	Agency CFO
Recommends appropriate action to be taken.	Agency CFO
Initiates appropriate disciplinary action.	Supervisor of Employee Committing a Violation

D.6 Actions Prohibited

D.6.1 Violations of ADA. An ADA violation occurs when one or more of the actions listed below happen. However, any questions regarding the application of the ADA to a particular transaction should be referred to the Office of Chief Counsel at field Centers, the Office of General Counsel at Headquarters, or the Counsel to the Inspector General (IG) if in that office. ADA violations include: a. Making or authorizing overobligation or overexpenditure of an appropriation or fund account (31 U.S.C. § 1341(a)). b. Entering into a contract or making an obligation in advance of an

appropriation, unless specifically authorized by law (31 U.S.C. § 1341(a)). c. Accepting voluntary services, unless authorized by law (31 U.S.C. § 1342). d. Making or authorizing overobligation or overexpenditure of an apportionment, reapportionment, allotment, or suballotment (31 U.S.C. § 1517(a)). e. Dividing and subdividing budget authority in an amount greater than the limits in the apportionment (31 U.S.C. § 1513(d)). **D.6.2 Administrative Violations.** An administrative violation occurs when an overobligation or overexpenditure of funds happens below the suballotment level, and the action does not result in any of the situations identified in Section D.6.1 above. **D.7**

Penalties D.7.1 Administrative Penalties. The law provides that any officer or employee of the United States who violates the prohibitions of the ADA shall be subject to appropriate administrative discipline. However, administrative discipline may also be appropriate for administrative violations. If a violation is substantiated, one of the following actions must be taken: a. Admonishment (administrative violations that do not result in an ADA violation only). b. Letter of reprimand for the official personnel record of the officer or employee. c. Transfer to another position. d. Suspension from duty without pay. e. Removal from office. **D.7.2 Criminal Penalties.**

The law also provides that any officer or employee of the United States who knowingly and willfully violates the prohibitions of the ADA shall be fined not more than \$5,000, imprisoned not more than two years, or both. Criminal penalties will not apply to administrative violations. **D.8 Reporting Violations D.8.1 Reporting Potential Violations.** Any individual with knowledge of a potential funds control violation, either statutory or administrative, must notify the Center CFO, if at the Center level; the Agency DCFO, if at the Headquarters level; or the Deputy IG if in that office. All potential violations must be reported immediately upon discovery. If a preliminary review is to be conducted, a reviewing officer will be appointed in accordance with Table D-2. Any preliminary reviews will be conducted in a timely manner (usually within 30 days) and will focus on the potential violation, not corrective actions. **D.8.2 Formal Investigations.** If it is determined during a preliminary review that there is no violation, then the preliminary review report completes the action regarding the potential violation. No further action is required after the report is approved. However, if it is determined that there is a potential violation of the ADA, then a formal investigation shall be initiated within 15 business days of the approval of the report of preliminary review. An investigating officer will be appointed in accordance with Table D-2. Investigations may take up to six months from the time of discovery to complete, and extensions may be granted for up to one year from the date the investigation began. **D.8.3 Reporting Substantiated Violations.** The investigating officer shall obtain and document all the relevant and specific facts of the case. The conclusions in the Investigating Officer's report shall include the identification of the person(s) responsible for the violation and shall be supported by the facts presented in the report. If a violation has occurred, the Agency shall meet the following reporting requirements as set forth in OMB Circular A-11: a. Letter to the President. The Agency CFO shall prepare a report of the ADA violation in the form of a letter (original and three copies) from the Administrator to the President. The Agency CFO shall also prepare a transmittal letter and forward the report to the President through the Director of OMB. b. Letters to Congress. The Agency CFO will prepare identical letters from the Administrator to the Speaker of the House of Representatives and the President of the Senate. c. Letters to the Comptroller General. The Agency CFO will prepare letter from the Administrator to the Comptroller General of the Government Accountability Office providing the report of violation. d. If the letters to Congress and the Comptroller General are identical to the letter to the President, a statement shall be included to this effect in the letter to the President. If the letters to Congress and the Comptroller General are not identical to the letter to the President, a copy of the letter to Congress and the Comptroller General shall be submitted with the letter to the President and moreover, a copy of the letter to the President will be submitted to Congress and the Comptroller General. The entire reporting package shall maintain consistency with regard to the type of ADA violation that has occurred. If there is an inconsistency in the package, NASA will submit an explanation to OMB for the record. **D.8.4** Although action is taken to correct the cause of a violation, it does not eliminate that violation. It still must be reported. **D.9 Accounting Support for**

Fund Control Systems. The Agency accounting system must fully support the agency fund controls set forth in this document and will provide for the following: D.9.1 Recording all financial transactions affecting apportionments; reapportionments; allotments; suballotments; agency restrictions; financial plans; program operating plans; obligations and expenditures; and anticipated, earned, and collected reimbursements. D.9.2 Preparing and reconciling financial reports that display cumulative obligations and the remaining unobligated balance by appropriation and allotment and cumulative obligations by budget activity and object class. D.9.3 Reporting the financial data needed to prepare the Agency's budget.

D.10 Apportionment Procedures

D.10.1 Agency Procedures for Requesting the Apportionment of Funds. The Office of the Chief Financial Office (OCFO) Director, Financial Management, is responsible for overseeing the preparation and signing of SF-132 Apportionment Requests in accordance with the appropriations, approved COP, OMB Circular A-11, and NASA Financial Management Requirements (FMR), Volume 5, *Budget Execution*. The SF-132s are then forwarded to the Comptroller for review to ensure they are consistent with the appropriations and the approved COP. After initialing concurrence, the OCFO Comptroller will return the documents to Financial Management for submission to OMB for approval. When an approved SF-132 is received from OMB, the OCFO Director, Financial Management, is responsible for ensuring the apportionment is entered into the official accounting system. As a control measure, OCFO Financial Management shall maintain a log of all SF-132 actions. D.10.2 Revolving Funds. NASA is authorized and operates a Working Capital Fund (WCF), which has a revolving fund financial management structure. A separate corpus was not appropriated for the WCF. All income is derived from its operations. Although spending authority from offsetting collections is derived from reimbursable authority rather than direct appropriations, the distribution process and system of funds control are the same as that identified for regular appropriations. A separate SF-132 Apportionment Request shall be prepared, submitted, and approved for the WCF. D.10.3 Trust Funds. Trust Funds are special accounts in the Treasury that receive earmarked taxes or other kinds of revenue collections, such as user fees, and from which payments are made for special purposes as established by law. D.10.3.1 NASA has three types of trust fund accounts: a. Trust Fund Receipt Accounts, which are credited with receipts generated by the terms of a trust agreement or statute. At the point of collection, these receipts are available for transfer to a trust fund expenditure account or are not available for transfer depending upon the terms of the trust agreement or statutory authority. b. Trust Fund Expenditure Accounts, which are established to record amounts appropriated or otherwise made available by transfer from a trust fund receipt account to be obligated and expended in carrying out the specific purposes or programs in accordance with the terms of the trust agreement or statute. Funds transferred or appropriated to a trust fund expenditure account are normally available for obligation and expenditure within the limits imposed by the trust agreement or authorizing statute. c. Trust Revolving Funds, which are single accounts authorized to be credited with receipts and incur obligations and expenditures in support of a continuing cycle of business-type operations in accordance with the provisions of the trust agreement or statute. Trust revolving fund receipts are available for obligation and expenditure without further action by Congress. D.10.3.2 Some NASA trust funds authorized to incur obligations and expend receipts have been exempted from apportionment by OMB. For those that require apportionment, the process is the same as that identified for regular appropriations. D.10.3.3 Trust funds are subject to the fund control provisions described in these regulations. D.10.4 Multiyear Funds. When budgetary resources remain available beyond the end of a fiscal year, a new apportionment request will be submitted to OMB for the estimated or actual unobligated balances to be carried forward. Such balances must not be obligated unless and until a new apportionment is made. **D.11 Policy on Allotments and Suballotments** D.11.1 Allotments and suballotments are established at the highest practical level, and each operating unit at that level is financed from no more than one subdivision of each appropriation or fund. The allotment and suballotment levels at

NASA are at the mission and theme levels, respectively, and the Agency CFO is responsible for approving any changes to the allotment and suballotment structure. Both allotments and suballotments are subject to the provisions of the ADA. D.11.2 Allotments and suballotments authorize operating units to incur obligations for a specified amount and purpose. D.11.3 The following restrictions apply: a. The sum of allotment amounts will not exceed the apportionment. b. The sum of suballotments will not exceed the amount of the allotment. c. The amounts of allotments and suballotments will be fixed and will be changed only when authorized by the authority who initially issued the subdivision. d. The allotments and suballotments must enforce any congressional restrictions contained in the appropriation acts. e. Allotments and suballotments must be within any controls established in the apportionment and the approved COP. D.11.4 Allotment and Suballotment Procedures. D.11.4.1 Allotments and suballotments will be made using formal documents and will include, at a minimum, the following information: a. Amount available. b. Funding source (for example, appropriation or reimbursement). c. Time period of availability. d. Position title of the official responsible. e. Justification for changes in allotments and suballotments. f. A statement that the allotment or suballotment is subject to provisions of the ADA. D.11.4.2 The officers or employees authorized to issue or reduce allotments and suballotments are identified in Table D-1. **D.12 Treatment of Anticipated Budgetary Resources Resulting from Existing Provisions of Law** D.12.1 Apportionments may include estimated amounts of anticipated budgetary resources that may be the result of laws already enacted (e.g., reimbursements from another Federal agency). Anticipated increases will not be allotted until the increase actually occurs, even though the amount has been apportioned. Amounts subject to anticipated decreases will not be apportioned or allotted. D.12.2 Apportionment of anticipated budgetary resources is to reduce routine reapportionments of such amounts as they actually become available. They are presented on the SF-132 and SF-133 in the areas listed below: a. Anticipated increases in budget authority (including anticipated transfers of new budget authority) into the account and anticipated decreases from the account. b. Anticipated transfers of balances of budget authority into the account (increases) and out of the account (decreases). c. Anticipated orders without an advance and anticipated refunds (increases). d. Anticipated transfers from trust funds into the account (increases). e. Anticipated recoveries of prior year obligations (increases). f. Anticipated permanent reductions (decreases). **D.13. Deficiency Apportionments.** Apportionments that anticipate the need for a deficiency appropriation or a supplemental under 31 U.S.C. 1515 will be specifically identified on the SF-132. D.13.1 By law, a deficiency apportionment can be made only if required or authorized by one of the following: a. Laws enacted subsequent to the transmittal of the annual budget for the year to Congress. b. Emergencies involving human life, the protection of property, or the immediate welfare of individuals. c. Specific authorization by law. D.13.2. When OMB approves a deficiency apportionment and transmits it to Congress, OMB is notifying Congress that funds appropriated to date are being obligated at a more rapid rate than previously anticipated. This notification does not guarantee that Congress will approve any part of any associated supplemental requests and does not authorize the use of any amounts not yet provided by Congress.

(Note: This copy of the NASA Fund Control Regulations has been reformatted (paragraphs renumbered and the document left justified) to be more consistent with that of an NPR appendix, but no content has been changed from the Regulations approved by OMB on 09/17/2008.)

Appendix E. Funding Sources for Employment Incentives/Termination Costs

E.1. This appendix provides a matrix of the funding sources that may be used for employment incentives and termination costs in a table format. Table E-1 is presented from a Center's perspective. When the benefitting organization is within NASA Headquarters, the following apply: (a) Any organization with direct funding is responsible for funding the incentive; e.g., Mission Directorates, Office of Education, Office of the Chief Health and Medical Officer, Office of the Chief Engineer, Office of the Chief Information Officer, Office of Safety and Mission Assurance, Office of the Chief Financial Officer, NASA Shared Services Center, and Office of the Inspector General. (b) Agency Management and Operations (AM&O) will fund Headquarters Operations and Mission Support Offices that are funded exclusively from the AM&O budget, e.g., the Office of the Administrator and the offices of Human Capital Management, General Counsel, Infrastructure and Administration, and Chief Financial Officer. The Executive Director, Office of Headquarters Operations, and Director, Office of Budget Management and Systems Support will resolve any issues regarding appropriate source of funding for NASA Headquarters.

E.2. The benefitting program/project(s) will be documented on the request for personnel action. The Human Resources Director coordinates personnel actions and may ask program management or the CFO office to provide information for a decision if the resourcing program/project(s) have not been identified or are in dispute.

Agency Incentive/ Funded Item	Funding Criteria	Funding Source
Hiring New Employees		
Recruitment Bonuses	Person is dedicated to a specific program or project.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.
	Person is dedicated to more than one project within the same office/program.	Allocation to benefitting projects in proportion to the amounts of time the person is expected to be working on those projects.

To avoid adverse impact to small projects, if multiple benefitting projects are involved and one does not have sufficient funds to cover these costs, and if both project managers agree, the other may provide the funding rather than allocating the costs to both; and if a single benefitting project does not have sufficient funds and the program/project managers agree,

the program with which the project is associated may provide the funding.

Agency Incentive/ Funded Item	Funding Criteria	Funding Source
Hiring New Employees (continued)		
	Person is planned to work on multiple projects across different programs or in Center Management & Operations (CM&O). This can also include circumstances where the person is planned to work on some direct projects and some support projects (CM&O or AM&O).	CM&O
Relocation Allowances (e.g., transportation, per diem, household goods)	Person is dedicated to a specific program or project.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.
	Person is planned to work on different projects.	CM&O
Transferring and Relocating Employees		
Relocation Incentives	Person is dedicated to a specific program or project.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.
	Person is planned to work on different projects.	CM&O
Relocation Allowances (Permanent Changes of Station, e.g., transportation, per diem, household goods, selling or buying real estate)	Person is dedicated to a specific program or project.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.

	Person is planned to work on different projects.	CM&O
Agency Incentive/ Funded Item	Funding Criteria	Funding Source
Retaining Employees		
Retention Incentives	N/A	Benefitting project(s) - as part of the personnel costs charged to projects each pay period when work is performed (based on WebTADS).
Terminating Employees		
Buyouts (Voluntary Separation Incentive Payments)	Person is dedicated to a specific program or project. Amount of the buyout will be determined by Office of Personnel Management guidance and be less than or equal to the pay the person is planned to receive in the year of termination.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.
	Person has been dedicated to more than one project within the same office/program. Amount of the buyout will be determined by Office of Personnel Management guidance and be less than or equal to the pay the person is planned to receive in the year of termination.	Allocation to benefitting projects in proportion to the amounts of time the position incumbent was expected to be working on those projects. If this is unknown, allocation will be based on work performed during the prior four pay periods.
	Person has worked on multiple projects across different programs or in CM&O. This may also include circumstances where the person worked on some direct projects and some overhead	CM&O

	projects (CM&O or AM&O).	
Severance Pay	Person has been dedicated to a specific program or project.	Program or project that benefitted during employment. If assigned to a program with multiple projects at the Center, the primary project that benefitted.
Agency Incentive/ Funded Item	Funding Criteria	Funding Source
Terminating Employees (continued)		
	Person has been dedicated to more than one project within the same office/program.	Allocation to projects that benefitted during employment in proportion to the amounts of time the person was expected to be working on those projects.
	Person has worked on multiple projects across different programs or in CM&O. This may also include circumstances where the person worked on some direct projects and some overhead projects (CM&O or AM&O).	CM&O
Lump Sum Annual Leave Payment	N/A	CM&O
Other		
Hiring Incentives	Reimbursable-Funded Position	If an employee is hired specifically to work on a reimbursable project, the reimbursable customer may be charged for the costs of hiring that employee as part of the costs necessary to perform the reimbursable work.
Agency Incentive/ Funded Item	Funding Criteria	Funding Source

Other (continued)

Buyouts/Severance Pay	Reimbursable-Funded Position	In the rare case that a reimbursable project is of such a long duration that a term employee hired specifically to work on the reimbursable project had to be converted to permanent to continue employment and the reimbursable work, and the customer terminates the project and contract or agreement early, then the customer may be charged for the costs of terminating the employment as a part of the early contract/ agreement termination fees unless prohibited by the contract/ agreement or the authority used to enter into it.
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Appendix F. Actions Required for the Commitment of Funds for Government Contract Procurement Actions

F.1. This Appendix summarizes actions required by NASA for the commitment of funds as relates to Government Contracts procurement actions. Such actions involve the procurement of goods and services and other requirements which the Agency has properly justified in the appropriation, allotment, and commitment process.

F.2. Generally, in a simple procurement action the maximum amount of the obligation to be incurred appears on the commitment document (e.g., procurement request) and is the amount to be recorded as a commitment. When the exact amount of the related obligation is known (i.e., by receipt of the obligating document), the obligation is recorded and the balance of unobligated commitments is reduced. However, in a more complicated type of contract, such as one authorizing variations in the quantity to be delivered, there may continue to be a requirement for a commitment in excess of the obligation.

- a. A commitment for a proposed firm fixed-price contract, purchase order, or other proposed fixed-price agreement shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. Upon receipt of the related obligating document, the unobligated commitment shall be reduced by the amount of the obligation.
- b. A commitment for fixed-price contracts with economic price adjustment, incentive provisions and prospective or retroactive price re-determination (see FAR 16.203-206) shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. After the contract is executed, that portion of the ceiling or maximum price stated in the contract which does not constitute an obligation remains a commitment to the extent that there is a reasonable anticipation that an additional obligation will ultimately be incurred. The amount of such commitment need not be the maximum or ceiling price stated in the contract, but shall be the amount which may be conservatively estimated to be sufficient to cover the additional obligation which will materialize, based on judgment and experience, allowing for contingencies of price revision downward.
- c. For purposes of estimating and recording, commitment records may treat estimates covering price and quantity variances for several outstanding contracts under the same allotment as a single commitment item. This avoids detailed recordkeeping for each commitment under each individual outstanding contract. Such records, if utilized, must be maintained in a manner that will facilitate audit.
- d. For Cost-reimbursable, Time-and-Materials, Labor-Hour, and Letter Contracts, a commitment shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. Upon receipt of the related obligating document, the balance of unobligated commitments shall be reduced by the amount of the obligation. In the case of an incrementally funded contract, the amount of fund availability certified and committed shall be the increment of the contract to be funded by the contemplated contractual document.
- e. For definite and indefinite quantity contracts, requirements contracts, and basic ordering agreements (see FAR 16.501-504 and 16.7), commitments shall be recorded under these contracts or agreements (when items, prices, or quantities are not specified, but are to be the subject of

subsequent orders) as follows:

- f. If the contract indicates the funds to be charged and if the incurrence of the obligation is authorized without further recourse to a fund-certifying official, a commitment shall be recorded in the estimated amount of the obligation eventually to be incurred under the contract. The amount of the estimate may be set forth specifically in the contract or in the related procurement directive or purchase request which bears the certification of fund availability. The requirement for an authorization to incur an obligation will be satisfied if the contract or other authorizing document provides authority to incur an obligation, or an authorization to issue the authority to incur an obligation. Commitments initially recorded under provisions of this subparagraph shall be reviewed at frequent intervals. If a rate of obligation under the contract results in excessive unobligated commitments, the OCFO shall request appropriate officials to reevaluate requirements under the contract with a view to authorizing an adjustment to be made in the amount committed.
- g. If a reasonably firm estimate of requirements under the contract is not established as evidenced by a certification of fund availability or contractual provisions, or there is a specific contractual provision which precludes such recording, a commitment shall be recorded only upon issuance of an appropriate authorization to order specific items and quantities. For example, if the contract merely provides that required quantities will be ordered from a specified contractor when and if needed, a commitment shall not be recorded in excess of any stated minimum order until funds are certified on the purchase request relating to a specific order.
- h. If it is anticipated at the time the contract is executed that accepted deliveries may exceed the quantity specified in the agreement, a commitment balance shall be retained for the amount of such anticipated excess deliveries (see FAR 12.40 1- 403). The amount to remain as a commitment shall be based on judgment and will not necessarily be equal to the amount of the maximum allowable deliveries.
- i. When the executed contract provides for subsequent "provisioning" (i.e., identifying and ordering the specific parts at a later date), the estimated cost established in the contract clause (although not an obligation until specifically defined) shall be retained in the records as an unobligated commitment (see FAR 52.2).
- j. An authorization to amend or modify a non-incrementally funded contract shall be recorded as a commitment at the time of certification of fund availability in the amount of the estimated cost of such amendment or modification. Where the authorization is to amend or modify an incrementally funded contract, only those amendments or modifications which add funds in addition to the previously funded increment shall be certified for fund availability and committed. The commitment recorded shall be in the amount of the additional funding.